UOL 华业集团

COMPANY REGISTRATION NO. 196300438C

For Immediate Release

NEWS RELEASE

UOL FY18 NET ATTRIBUTABLE PROFIT EXCLUDING ONE-OFF GAIN IN FY17 UP 26% TO $433.7 MILLION

- *Increase due mainly to higher profits from property investments and hotel operations*
- *Group revenue up 13% to $2.4 billion despite lower contribution from property development*
- *Directors propose dividend of 17.5 cents per ordinary share*

Singapore, 26 February 2019 – UOL Group Limited (UOL) today reported a 26% increase in net attributable profit excluding a one-off gain in FY17 to $433.7 million for the year ended 31 December 2018 (FY18). Including the one-off gain, net attributable profit declined 51% due mainly to the $535.6 million gain recognised upon the consolidation of the United Industrial Corporation group (UIC) in FY17.

Group revenue rose 13% to $2.4 billion in FY18 due mainly to the full year consolidation of revenue of the expanded group. Revenue from property development fell 15% to $989.3 million mainly from the completion of Alex Residences and Principal Garden, in September 2017 and December 2018 respectively. The revenue decline was partially offset by Amber45, which was launched in May 2018, and higher revenue from The Clement Canopy as well as Park Eleven in Shanghai.

Revenue from property investments increased 60% to $541.0 million following the consolidation of UIC's investment properties and 120 Holborn Island. Hotel ownership and operations, including those of UIC's hotels, was up 29% to $678.7 million, while revenue from management services and technologies climbed 163% to $140.1 million mostly from the technology arm of UIC. The increases arose mainly from full year consolidation of revenue for FY18 compared to four months for FY17. Dividend income grew 62% to $48.2 million with higher dividends from United Overseas Bank Limited in FY18.

Group pre-tax profit before fair value and other gains/(losses) rose 18% to $595.2 million, due mainly to higher profits from property investments and hotel operations with the full year contributions from the consolidation of UIC and higher dividend income.

Gross profit margin improved from 34% to 41%, supported by higher revenue from property investments and lower revenue from property development, where the former commands higher profit margins compared to the latter.

Share of profit from associated and joint venture companies declined 95% to $5.6 million as UIC and the common associated and joint venture companies with UIC were no longer equity accounted but were consolidated with those of the Group from September 2017.

Group expenses rose 23% to $425.5 million. Marketing and distribution expenses were down four per cent to $93.0 million due to lower sales commissions incurred. Administrative expenses increased 24% to $123.2 million and other operating expenses were up 52% to $168.7 million, reflecting full year consolidation of expenses for FY18 compared to four months in FY17. Finance expenses edged up seven per cent to $40.6 million.

UOL Group Chief Executive Liam Wee Sin said: “With the property cooling measures imposed last year, land prices will moderate and en bloc sales will have very limited traction. However, projects with land price advantage, strong product differentiation and in locations with limited supply, will see healthy take-up.

“Singapore office rents are expected to appreciate further amid a tight supply. With the Group’s broadened office portfolio in the CBD, we are positioned to ride the continued wave of growth in the office market.

“In line with our diversification strategy, we have acquired investment properties overseas to further strengthen our recurrent income stream and will continue to deploy our capital overseas.

“The challenges that we face in the market are multi-faceted. Going forward, with the consolidation of UIC, we will play to our strengths of scale for office portfolio, strong execution for our residential projects, a shift towards experiential appeal for our retail malls and expansion of our hospitality footprint.”

UOL said that growth in tourist arrivals is expected to benefit the hospitality sector in Asia Pacific, except in China and Myanmar where trading conditions are expected to remain challenging. Retail rents in Singapore look set to stabilise although the pressures from a tight labour market and e-commerce persist. While the property market in London continues to be weighed down by uncertainties over Brexit, the office rental market in Midtown is expected to hold up.

As at 31 December 2018, shareholders’ funds increased to $9.65 billion from $9.45 billion at the end of 2017. Net tangible asset per ordinary share rose to $11.30 from $11.01. Group gearing ratio increased to 0.28 from 0.21 due mainly to higher borrowings for the acquisitions of the Silat Avenue site in Singapore and 72 Christie Street in Sydney.

Directors have proposed a first and final dividend of 17.5 cents per ordinary share.

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About UOL Group Limited

UOL Group Limited (UOL) is one of Singapore's leading public-listed property companies with total assets of about $20 billion. The Company has a diversified portfolio of development and investment properties, hotels and serviced suites in Asia, Oceania and North America. With a track record of over 50 years, UOL strongly believes in delivering product excellence and quality service in all its business ventures. UOL, through its hotel subsidiary Pan Pacific Hotels Group Limited, owns two acclaimed brands namely "Pan Pacific" and PARKROYAL. The Company's Singapore-listed property subsidiary, United Industrial Corporation Limited, owns an extensive portfolio of prime commercial assets and hotels in Singapore.

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